SECOND SET OF DOCUMENT AND INFORMATION REQUESTS OF
THE DEPARTMENT OF COMMUNICATIONS AND ENERGY TO
BOSTON GAS COMPANY, COLONIAL GAS COMPANY AND ESSEX GAS COMPANY
D/B/A KEYSPAN ENERGY DELIVERY NEW ENGLAND

D.T.E. 04-62

Respondent: Ann Leary

Information Request DTE 2-9

Q. Refer to the Prefiled Testimony of Elizabeth Danehy Arangio, Pages 20-21. Are the savings obtained by the use of a portfolio manager, after payment of the portfolio manager's agreed-upon fee, distributed to ratepayers through discreet (to the ratepayer's service area) lowered rates? How does this compare conceptually to the presented "Stand-alone Demand Charges" and "Actual-Annual Demand Charges"?

A. When the Company receives a payment in relation to an asset management agreement, it is passed through as a direct reduction to the cost of gas included in the CGA, and therefore, constitutes a "discrete" reduction to rates.

In the Exhibit KED/EDA-6, the Company included the guaranteed payment received from the portfolio manager in the line labeled "Capacity Credit". In both the "Stand-alone" and "Combined Portfolio" analysis the Company maintained the same level of capacity credits of $6.1 million. The Company assumed that the capacity release credits it would have received in the "Stand-alone" scenario would equal the guaranteed payment received from the portfolio manager in the "Combined Portfolio" scenario.